

1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE OREGON ECONOMY

The importance of small business to the state of Oregon is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

Number of Businesses - In 1996, Oregon had 94,384 businesses with employees; 98.0 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 166,000 self-employed persons in 1996, for an estimated total of 260,384 businesses.

Small Business Income - The income of sole proprietors and partners rose 7.1 percent to \$6.1 billion in 1996, while wage-and-salary income rose 8.6 percent. Total personal income rose 8.4 percent to \$47.6 billion. The state also exported \$8.5 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 121,000 women-owned businesses in Oregon, including part-time firms, employing 266,700 people and generating \$32.7 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 88.7 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 70.6 percent from 1987 to 1992, totaling 1,447 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 121.4 percent during the same time period with 3,538 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 3,340 in 1987, to 5,414 in 1992, representing a 62.1 percent increase.

Business Turnover - The number of new firms increased 8.9 percent, while new business incorporations decreased 4.8 percent in 1996. Financial difficulties leading to business bankruptcies decreased by 3.8 percent and business failures increased by 4.9 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in Oregon decreased from 45 in 1994 to 43 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
VALLEY CMRL BK	Forest Grove
INLAND EMPIRE BK	Hermiston
SECURITY BK	Coos Bay
BANK OF THE CASCADES	Bend
PACIFIC CONTINENTAL BK	Eugene
PACIFIC ONE BK	Portland
KEY BK OF OR	Portland
UNITED STATES NB OF OR	Portland

Job Growth - Small businesses created 156,807 of the 159,119 net new jobs from 1992 to 1996. Very small businesses (< 20 employees) created 74.7 percent of the small business growth with 117,210 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	83,488	33,722	13,844	25,753	2,312	159,119
Manufacturing	1,470	3,297	3,423	10,101	5,154	23,445
Retail Trade	15,598	6,407	(581)	729	(4,808)	17,344
Services	40,341	12,728	6,725	5,913	(4,939)	60,769
Other	26,078	11,292	4,277	9,012	6,905	57,562

Industries - The composition of small business in Oregon is very diverse. The Eating & Drinking Places industry is the largest small business employer in Oregon, followed by Health Services. The fastest growing industry for small business is Nondepository Credit Institutions (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in Oregon by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	1,128,133	100.0	60.9
Health Services	8000	105,388	9.3	47.9
Eating & Drinking Places	5800	93,537	8.3	75.2
Business Services	7300	65,357	5.8	55.9
Lumber & Wood Products, Except Furniture	2400	51,720	4.6	48.2
Wholesale Trade - Durable Goods	5000	49,815	4.4	76.4

Table 2, Top Five Small Business Industries in Oregon by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	687,448	100.0	60.9
Eating & Drinking Places	5800	70,308	8.3	75.2
Health Services	8000	50,529	9.3	47.9
Wholesale Trade - Durable Goods	5000	38,073	4.4	76.4
Business Services	7300	36,525	5.8	55.9
Special Trade Contractors	1700	35,107	3.2	96.1

Table 3, Fastest Growing Industries for Small Business in Oregon, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	660,400	687,448	27,048	4.1
Nondepository Credit Institutions	1,519	2,334	815	53.7
Apparel	1,986	2,429	443	22.3
Stone, Clay, Glass, & Concrete Products	2,232	2,676	444	19.9
Furniture & Fixtures	2,819	3,379	560	19.9
Building Construction	13,008	15,344	2,336	18.0

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.